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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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Kenneth Hu

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EXAMINER

NGUYEN, NGA B

ART UNIT

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3692

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01/07/2009

PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary	Application No. 10/080,855	Applicant(s) HU ET AL.	
	Examiner Nga B. Nguyen	Art Unit 3692	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 26 September 2008.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-56 is/are pending in the application.
- 4a) Of the above claim(s) 12-19, 23-37, 40-43, 45, 46 and 48-56 is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-11, 20-22, 38, 39, 44 and 47 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. _____.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____ |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

1. This Office Action is in response to the Election filed on September 26, 2008, which paper has been placed of record in the file.
2. Claims 1-11, 20-22, 38, 39, 44 and 47 are elected for consideration in this application.

Response to Arguments/Amendment

3. Applicant's election with traverse of Group I (claims 1-11, 20-22, 38, 39, 44 and 47) in the reply filed on September 26, 2008 is acknowledged. The traversal is on the grounds that the search for each group of invention is substantially the same and no undue or serious burden would be presented in concurrently examining Groups I, II and III. This is not found persuasive because Group I drawn to a method of evaluating security trading capacity, Group II drawn to a method of evaluating security trading included the sub-combination of providing and evaluating a hypothetical portfolio, Group III drawn to a method of evaluating security trading included the sub-combination of providing an updated security quote. Therefore, there would be a serious burden on the examiner if restriction is not required because the inventions have acquired a separate status in the art due to their recognized divergent subject matter that requires ***different fields of search.***

The requirement is still deemed proper and is therefore made FINAL.

Claim Rejections - 35 USC § 101

4. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

5. Claims 1-11, 20-22, 38, 39, 44 and 47 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

Claims 1-11, 20-22, 38, 39, 44 and 47 are rejected under 35 U.S.C. 101. Based on Supreme Court precedent and recent Federal Circuit decisions, the Office's guidance to examiners is that a § 101 process must (1) be tied to a machine or (2) transform underlying subject matter (such as an article or materials) to a different state or thing. In *re Bilski et al*, 88 USPQ 2d 1385 CAFC (2008); *Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972); *Cochrane v. Deener*, 94 U.S. 780,787-88 (1876).

An example of a method claim that would not qualify as a statutory process would be a claim that recited purely mental steps. Thus, to qualify as a § 101 statutory process, the claim should positively recite the other statutory class (the thing or product) to which it is tied, for example by identifying the apparatus that accomplishes the method steps, or positively recite the subject matter that is being transformed, for example by identifying the material that is being changed to a different state.

Here, applicant's method steps fail the first prong of the new Federal Circuit decision since they are not tied to a machine and can be performed without the use of a

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particular machine. Thus, claims 1-11, 20-22, 38, 39, 44 and 47 are non-statutory since they may be performed within the human mind.

The mere recitation of the machine in the preamble with an absence of a machine in the body of the claim fails to make the claim statutory under 35 USC 101.

Note the Board of Patent Appeals Informative Opinion Ex parte Langemyer et al.

Claim Rejections - 35 USC § 102

6. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

7. Claims 1-3, 5-7, 10, 11, 44 and 47 are rejected under 35 U.S.C. 102(e) as being anticipated by Bove et al (hereinafter Bove), U.S. Patent No. 7,149,713.

Regarding to claim 1, Bove discloses a method of evaluating security trading capacity, comprising the steps of:

(a) providing an investment portfolio which is an electronic file having a predetermined market value (*column 11, lines 10-15, Current SAA, displaying the client's current percent asset allocation and the dollar amount currently held in each*

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asset class; column 11, lines 55-62, GUI for specifying the funds which should be added to the client's proposed portfolio);

(b) setting a portion of an equity to form a cash reserve from said investment portfolio, wherein said cash reserve serves as a cash portion of a future asset allocation (*column 13, lines 34-55, determining Cash Reserves*);

(c) inputting a trade order of a predetermined amount, wherein said trade order includes at least a security to be traded and a trading price when either a fixed price is desired or a price quote is unable to be retrieved automatically (*column 31, lines 15-30, the buy/sell recommendations are electronically communicated to the trade execution computer 16 which automatically performs the transactions to execute the buy/sell recommendations*);

(d) producing a security balance by computing said trade order according to either a predetermined quantity or an amount of fund to be committed (*column 12, lines 1-45, Auto Rebalancing button causes the system to run the auto rebal algorithm to determine how the customer's portfolio should be modified to meet the target portfolio*); and

(e) evaluating a cost of said trade order with respect to a disposable cash which is a value difference between said equity and said cash reserve (*column 31, lines 33-60, rebalancing the portfolio with respect to transaction costs*).

Regarding to claim 2, Bove further discloses wherein said equity of said investment portfolio includes a predetermined amount of cash and one or more tradable

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securities to be traded in said trade order, wherein said equity of said investment portfolio is calculated by summing of a value of cash value, debt, credit, and a value of all said tradable securities and then subtracting a value of short holdings (*column 9, lines 1-18*).

Regarding to claim 3, Bove further discloses wherein said value of each of said tradable securities is determined by multiplying shares/units of said respective tradable security with a market price (*column 23, lines 40-55*).

Regarding to claim 5, Bove further discloses wherein, in the step (b), said cash reserve is selectively set as an amount of said value of cash and a percentage of said equity so as to define said disposable cash which is an calculated amount automatically determined (*column 13, lines 34-55, determining Cash Reserves*).

Regarding to claim 6, Bove further discloses wherein when said cash reserve is to preserve cash, said disposable cash equals a cash balance of said investment portfolio minus said cash reserve while there is no short position, wherein once said cash reserve is set, only said disposable cash is able to be used as a capital to buy said intended security (*column 13, lines 34-55, determining Cash Reserves*).

Regarding to claim 7, Bove further discloses wherein when said cash reserve is to preserve cash, said disposable cash equals a cash balance of said investment portfolio minus cash reserve, said market value of a long account, and a margin requirement of said short account while there are short positions, wherein once said

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cash reserve is set, only said disposable cash is able to be used as a capital to buy said intended security (*column 13, lines 34-55, determining Cash Reserves*).

Regarding to claims 10-11, Bove further discloses after the step (b) and before the step (c), further comprising a step of: (b.1) setting aside a predetermined portion of said cash reserve to form a cash allowance and wherein, in the step (b.1). said cash allowance is a patronage of said disposable cash when said amount of said trade order exceeds said disposable cash (*column 13, lines 34-55, determining Cash Reserves*).

Regarding to claim 44, Bove further discloses wherein said personal investment portfolio is stored and saved in a central site for users to remotely enter through an electronic communication system (*column 3, lines 43-55*).

Regarding to claim 47, Bove further discloses wherein said investment portfolio is stored in an electronic computing device so that a user is able to access said personal investment portfolio without using any Internet service provider (*column 3, lines 30-40*).

Claim Rejections - 35 USC § 103

8. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

9. Claims 4, 8, 9, 20-22, 38 and 39 are rejected under 35 U.S.C. 103(a) as being unpatentable over Bove et al (hereinafter Bove), U.S. Patent No. 7,149,713.

Regarding to claims 4 and 38, Bove does not disclose (f) providing an updated security quote for each of said tradable securities of said personal investment portfolio, thereby a user is able to view said updated security quote before planning said trade order and updating a market price of said security of said investment portfolio any time during said method of evaluating security trading capacity. However, providing updated security quote for each of said tradable securities and updated a market price of said security are well known in the art in electronic trading securities. Therefore, it would have been obvious to one with ordinary skill in the art at the time the invention was made to modify Bove's to incorporate the well-known features above, for the purpose providing to the user the updated security quote and market price of security before submitting trade orders.

Regarding to claims 8-9, Bove does not disclose wherein, in the step (b), said cash reserve also serves a conservation of a borrowing power when a borrowing is allowed for a more conservative strategy when investing aggressively and wherein when said cash reserve is to preserve said borrowing power of a margin account, said disposable cash equals an excess equity minus said cash reserve, wherein once said cash reserve is set, only said disposable cash is able to be used as a capital to buy said intended security. However, such setting cash reserve as a borrowing power above is well known in the art in portfolio investment. However, providing updated security quote

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for each of said tradable securities and updated a market price of said security are well known in the art in electronic trading securities. Therefore, it would have been obvious to one with ordinary skill in the art at the time the invention was made to modify Bove's to incorporate the well-known features above, for the purpose providing to the user the borrowing power from the cash reserves.

Regarding to claims 20-22, Bove further discloses wherein the step (c) further comprises a step of: (c. 1) allowing said cash allowance from being exercised, wherein the step (c.1) further comprises the steps of: (c.l.1) rounding down shares of said security to be traded in order to maintain a capital thereof within said disposable cash when a value of said security to be traded exceeds said amount of said disposable cash and wherein the step (c.1) further comprises the steps of: (c. 1.2) rounding up or down shares of said security to be traded by compensating a difference of values between said disposable cash and said security to be traded from said cash allowance. However, routing up shares of security to be traded is well known in the art in trading securities. Therefore, it would have been obvious to one with ordinary skill in the art at the time the invention was made to modify Bove's to incorporate the well-known features above, for the purpose providing more efficiency in trading securities.

Regarding to claim 39, Bove further discloses wherein in order to obtain said updated market price for each of said tradable securities of said investment portfolio, said investment portfolio is linked to a source of information through electronic communication system (*column 3, lines 43-55*).

Conclusion

10. Claims **1-11, 20-22, 38, 39, 44 and 47** are rejected.

11. The prior arts made of record and not relied upon are considered pertinent to applicant's disclosure:

Buist (US 6,408,282) discloses system and method for conducting securities transactions over a computer network.

May (US 6,421,653) discloses system and method for electronic trading financial instruments.

Wallman (US 6,360,210) discloses system and method for enabling investor to managing risk in investment portfolio.

12. Any inquiry concerning this communication or earlier communications from the examiner should be directed to examiner Nga B. Nguyen whose telephone number is (571) 272-6796. The examiner can normally be reached on Monday-Thursday from 9:00AM-6:00PM.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Kambiz Abdi can be reached on (571) 272-6702.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the Group receptionist whose telephone number is (571) 272-3600.

13. Any response to this action should be mailed to:

Commissioner of Patents and Trademarks

P.O. Box 1450

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Alexandria, VA 22313-1450

Or faxed to:

(703) 273-8300 (for formal communication intended for entry),

or

(571) 273-6796 (for informal or draft communication, please label "PROPOSED" or "DRAFT").

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/Nga B. Nguyen/
Primary Examiner, Art Unit 3692

December 30, 2008